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# NGOs and Development

## Linking Farmers to Markets in Senegal

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# Outline of presentation

1. The context
2. The setting
3. The process
4. The challenges

# 1. The Policy Context

- 1.1 Structural adjustment programs in Africa
- 1.2 Impacts of the SAP period in Africa
- 1.3 Post-structural adjustment Africa and the new policy agenda
- 1.4 New institutional economics (NIE)
- 1.5 Importance of smallholder agriculture
- 1.6 Promoting market access

Based on “Linking Farmers to Markets” 2007, Jim Barham

# 1.1 Structural adjustment programs (SAP) in Africa

- 1960s & 1970s development strategies
  - Focused on urban & industrial sector
  - Characterized by overbearing state intervention
  - => Distorted prices not reflective of relative scarcity or abundance of economic resources
- Sharp increase of oil price in 1970s => Debt repayment crises
- SAP implemented to "Get the prices right"
- Measures in agricultural sector meant to boost output and export
  - Liberalization input and output prices (no more subsidies)
  - No more regulatory controls (such as quota or flow restrictions)
  - Public enterprises only supportive activities (no longer market actor)



## 1.2 Impacts of the SAP period in Africa

- 25 years later: a disastrous impact on the poor and women
- Ineffectiveness of SAPs on African continent compounded by
  - Low land productivity, inadequate infrastructure, vulnerability to natural disasters, high levels of political instability, HIV/AIDS pandemic
- Share in total world agricultural export fell from 6% to 3%
- Smallholder farmers switched from cash crops to subsistence crops
  - While scrambling for viable livelihoods alternatives (e.g. salaried employment outside of agriculture, out-migration, etc.)
- Drastic increase in food aid for many countries

# 1.3 Post-structural adjustment Africa and the new policy agenda

- SAP critics & supporters converge, in that:
  - *"Market liberalization necessary for economic development"*
  - and
  - *"Intervention necessary for rural livelihood protection"*
  
- However, SAP critics & supporters diverge on role of the state:
  - "Conventional wisdom" – State only enforcing contracts and property rights
  - or
  - "Emerging orthodoxy" – State should have more "activist" role
    - Building institutional and governmental structures to enhance market efficiency

# 1.4 New institutional economics

- The new institutional economic (NIE) position is that
    - Liberalization & privatization was and is right path to development  
HOWEVER
    - The potential of African private sector to step in had been overestimated
  - African private traders
    - Discriminated against and harassed for decades
    - Lack managerial skills, business experience and capital
    - => cannot move straight into large-scale activity previously carried by state
  - African rural market plagued by high transaction costs and risks
    - Insufficient business volume to attract private sector involvement
    - Poor roads, poor communications & low institutional development
- => “Getting the institutions rights” instead of “Getting the prices rights”

# 1.5 Importance of smallholder agriculture

- Millennium goal “Cut hunger by half in 2015”
  - > Smallholder farmers become focal center to accomplish goal
- Large scale recognition of potential role of smallholder agriculture in rural economy because
  - Agriculture is main livelihood of 65% of African population
  - Agricultural production is 30% to 40% of GNP (60% of export)
  - 95% of agricultural production is from small scale farms
- Comparative advantages over large scale, industrial farming recognized because of
  - Higher productivity per acre of land
  - Lower input costs through family and other labor sharing arrangements
  - Utilizing local knowledge and indigenous farming techniques

## 1.6 Promoting market access

- Key to developing agricultural sector and rural economies  
= better market access for small holder farmers
- Necessity to create entrepreneurial culture:  
*"Farmers should produce for markets rather than trying to market what they produce"*
- Promoting market access for smallholder farmers should lead to
  - Increased incomes, lower malnutrition & better health
  - New rural employment opportunities and food security

=> Better market access is to be foundation for real positive growth in agriculture and national economy

## 2. The Setting

- 2.1 Senegal – Country Profile
- 2.2 Smallholder farming in Senegal
- 2.3 The NGO - VECO
- 2.4 Strategic Objectives 2008-2013
- 2.5 Key partner organizations



# 2.1 Senegal – Country Profile

## ■ General demographics

- Population: 11.5 million
- 25 and younger: 64.1%
- Urban population: 41%
- Ethnically divers: Wolof, Serer, Peul, Mandingue, Diola
- Literacy rate: 38% (women 28%)
- Life expectancy at birth: 54 y



## ■ Some Economic indicators

- Annual growth rate: 5%
- Per capita Income: PPP \$1,792
- HDI: 156/177
- Poverty rate: 57.1%



## 2.2 The agricultural sector

- Contribution of agricultural sector to GNP: 15%
- Population active in agriculture: 60%
  - 95% of whom in smallholder farms (7% Female Headed HH)
  - Poverty rate in rural areas: 80% (57% nationally)
  - Rural out-migration: 15%
- 50% of farms cultivate less than 3 hectare
  - 21% less than 1 ha
  - Average family size: 10 persons
  - Ha/person: from 1.07ha in 1960 to 0.57ha in 2000
- Main crops in 2000: Peanuts (28%) & Millet (43%)
  - Other important crops: sorgho, niébé, rice, mais
  - In 1960s: Peanuts 68% and millet 25%

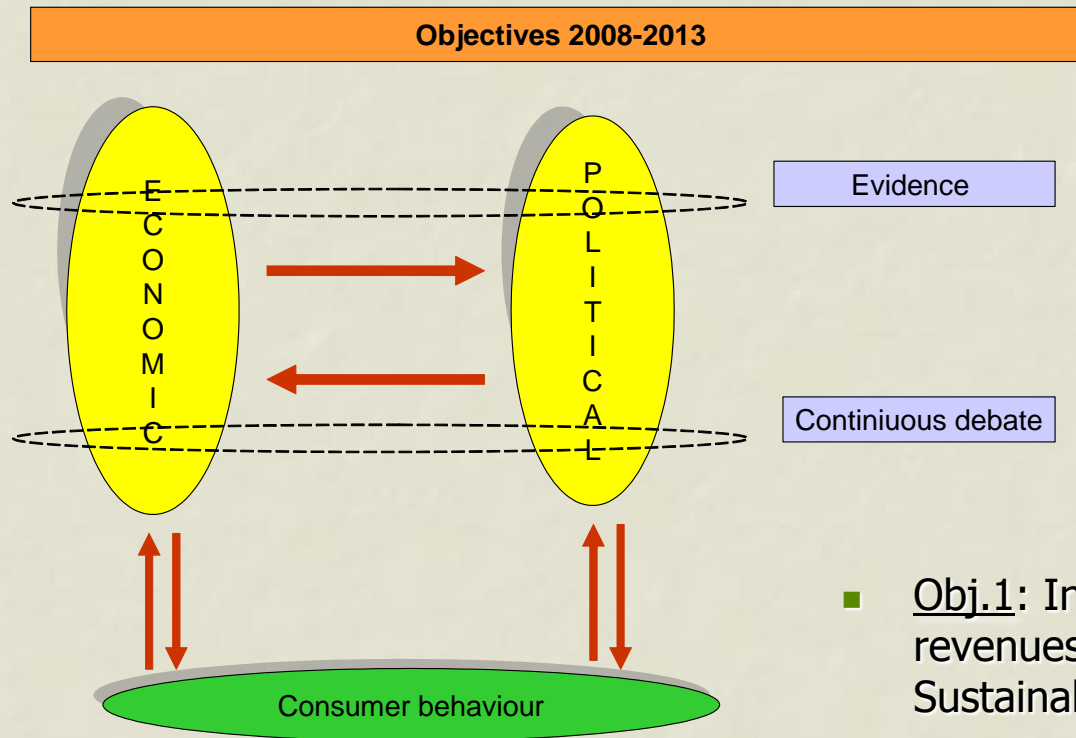


## 2.3 The NGO - VECO

- Globally: present in 12 countries across 4 continents
  - Nicaragua, Costa Rica, Ecuador, Laos, Vietnam, Indonesia, Tanzania, Uganda, Congo, Togo, Benin, Senegal, Belgium
- Active in Senegal since 1989
  - Before: Hydraulic infrastructure, health and agriculture
  - Since recently focus on Chain approach (Production, Processing and Commercialization of agricultural products)
- The mission since 2004:

*"VECO wants to contribute to viable livelihoods and empowerment of organized family farmers, male and female, in South and North"*

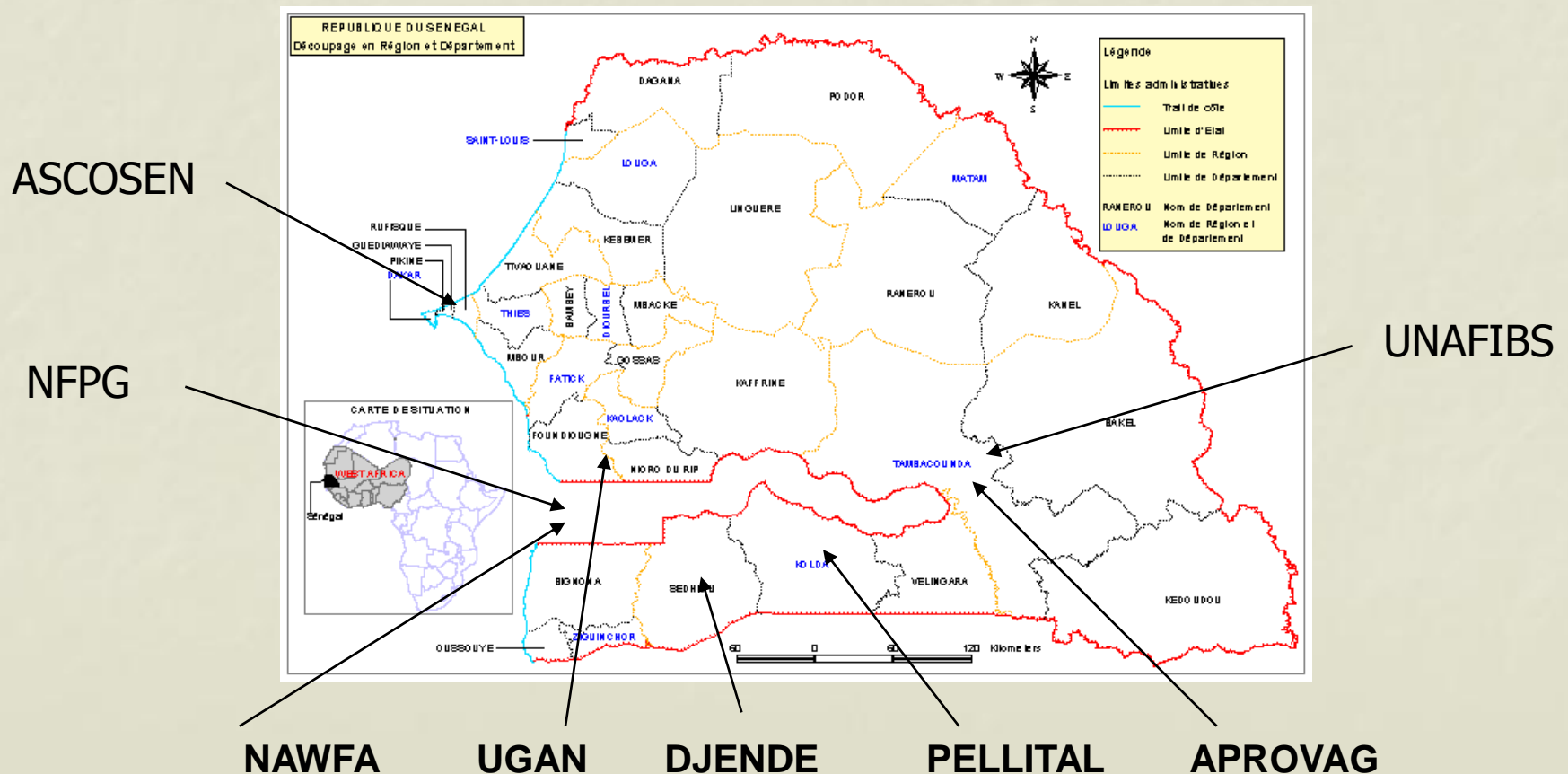
## 2.4 Strategic Objectives 2008-13



- Obj.1: Increase male and female farmers' revenues through Development of Sustainable Agricultural Chains
- Obj.2: Influence public and private decision making in favor of small holder farmers
- Obj.3: Stimulate sustainable consumption

## 2.5 Key partner organizations 2009

- District farmers' organizations, national FOs, Consumer associations  
(Yearly financial contracts on the basis of detailed action plans)



# 3. The process

- 3.1 Choosing the chains
- 3.2 Participatory analyses
- 3.3 Action plans
- 3.4 Strategic partnerships
- 3.5 The role of the NGO

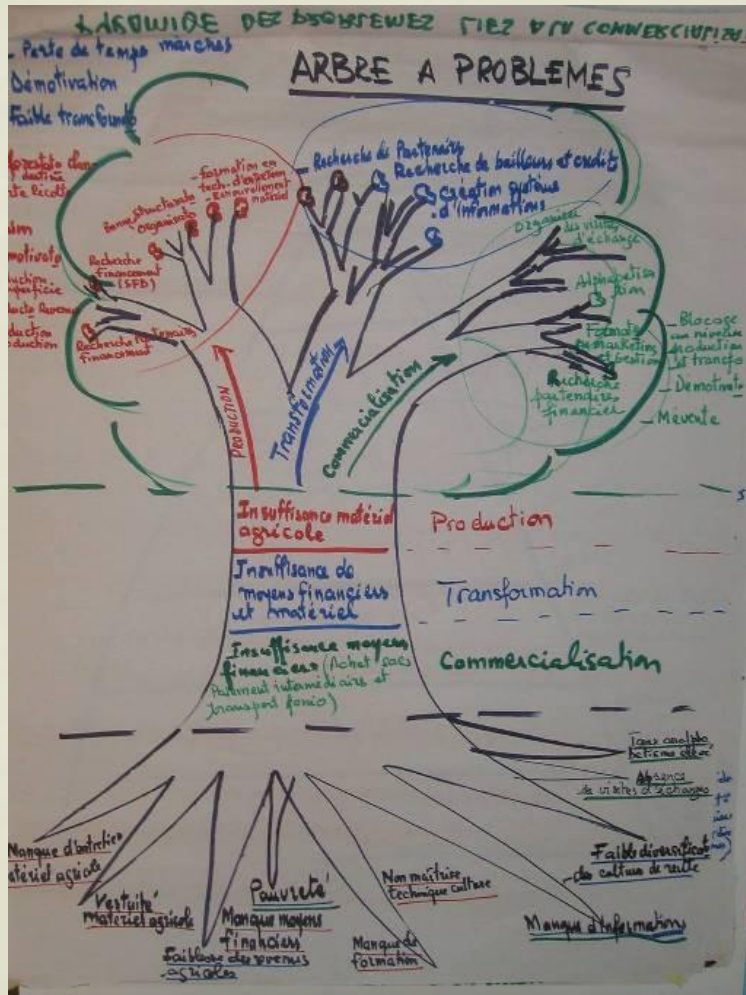
## 3.1 Getting started

- Choosing the chains
  - Internal pre-study of 5 optional chains
  - Multi stakeholders meetings
  - Final choice: sesame, banana, fonio



- Studying the chains (by multidisciplinary teams)
  - Production, processing and commercialisation segments of the chain
  - Restricted to 2 to 3 major production zones in Senegal
  - Identification of actors for possible future partnerships
- Restitution of studies to stakeholders & actors in respective chains
  - Farmers organizations, traders, private sector companies, ministry of agriculture, ministry of commerce, development NGOs, research institutions, etc.

## 3.2 Participatory Analyses

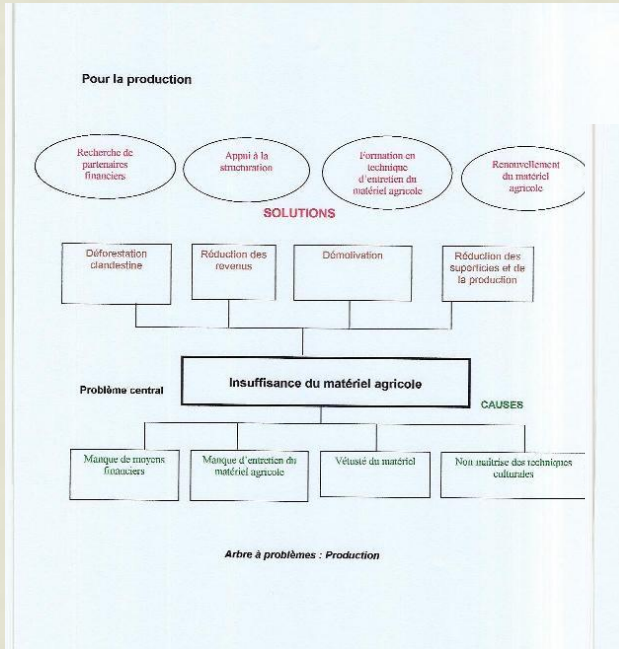


# Problem tree

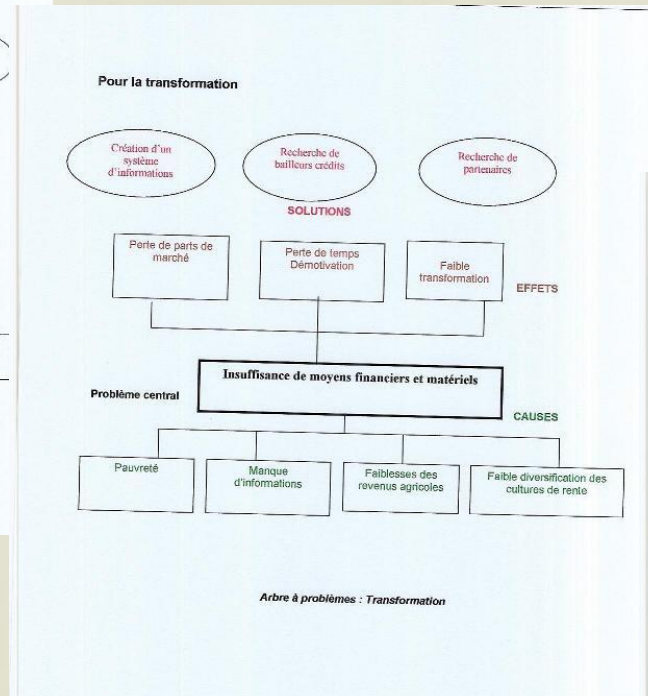
- Méthode Accéléré des Recherches Participatives – MARP
- Chain analysis at district & partner level (e.g. fonio in Djendé)
- Identify bottlenecks in production, processing & commercialisation
- Using problem tree methodology
- Multi actor research team led by VECO



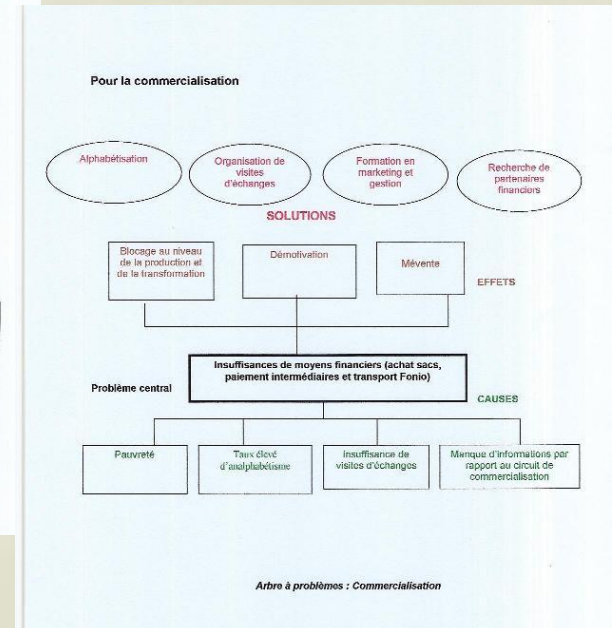
# Solution Trees



Production



Processing



Commercialization

# Market study & OSID

- Market study in Dakar region (home to 25% of Senegal population)
  - Identifying distribution channels for respective chain products
  - Mapping of processing enterprises within Dakar region
  - Consumer test with age and gender balanced groups
  
- Organizational strengthening
  - Group's legal status
  - Leaders' roles and responsibilities
  - Keeping track of money flows





# Fonio



Scientific name: *Digitaria exilis*

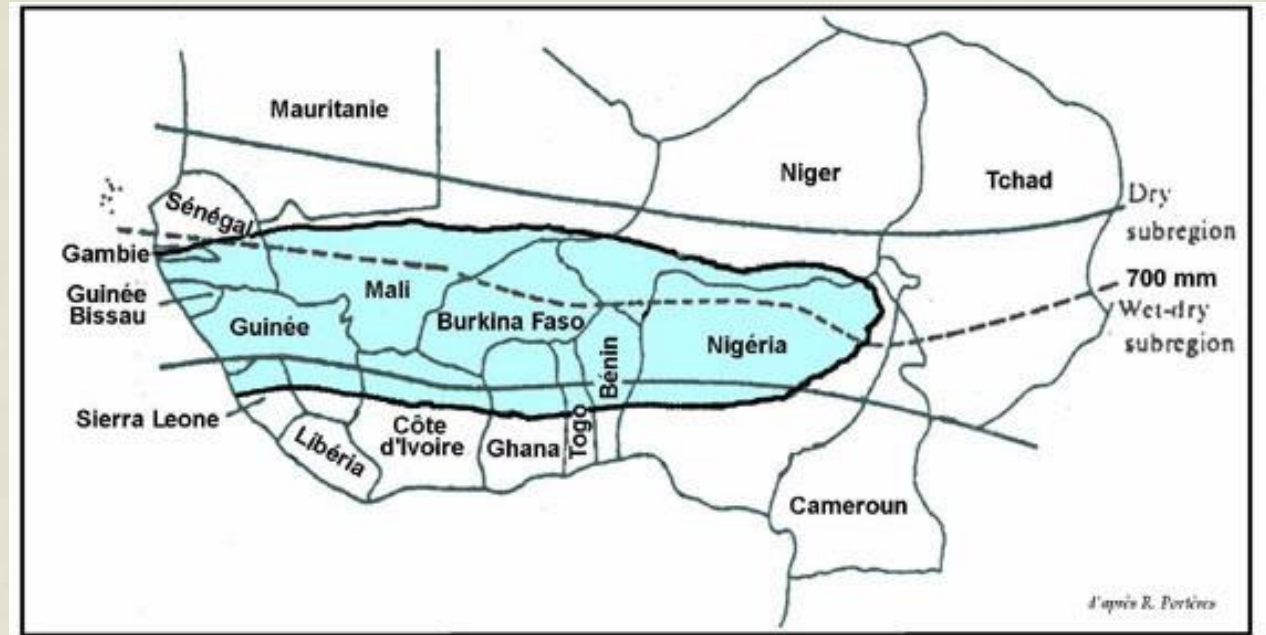
Variety groups:  
SEMRE, FONIBA, SAARA, MOMO,  
BERELE

- Oldest cereal in West Africa (domestication 7,000 years ago)
- Contains amino acids like methionine and cystine lacking in other cereals
- Often recommended to diabetes patients
- 1000 grains weigh approximately 0.5 grammes



Year production in  
Senegal in  
2007/8: 2000T

An estimated 80%  
is for auto-  
consumption



- In some regions it constitutes one of the local staple foods, particularly in Guinea which is also the main exporter of fonio on the world market
- In others, it is called “the hungry rice”, tiding farmers over in between other food crop harvests
- Occasionally exported to Europe and the US to niche markets

## 3.3 Action Plan (E.g. fonio)

- Co-financing (75%) of production and processing materials
- Promoting new production techniques to increase productivity and quality of output
- Training in processing techniques according to professional norms of hygiene and quality to add value to output
- Setting up of commercialisation teams (incl. packing materials)
- Organizational strengthening for better positioning within the chain (e.g. training in negotiation techniques)





## 3.4 Strategic partners – Fonio chain



**Wulanafaa** – USAID funded; since 2002 in fonio chain; since 2005 in Djendé region; 2nd phase (2008-13) has focus on export



**ANCAR** – Government agency for extension work at production stage (techniques, seeds, etc.)



**ITA** – Institute for food processing techniques; develops training in processing to meet quality and hygiene standards



**JABOOT** – Private sector; established yoghurt brand; plans to promote « *Thiacry light* » (yoghurt with fonio for diabetes patients)



**ASCOSEN** – National Consumer Organization; promotion of local cereals at grassroots level in urban areas

### 3.5 Role of VECO

- Training in Sustainable Agriculture principles & monitoring
- Facilitating training in production & processing techniques
- Value Chain Analysis & Business Plan development
- Facilitating contact with urban markets & private sector actors
- Partner platform (exchange with partners in other chains for peer-learning)

Marge détaillant								
Autres charges								
Coût du produit								
Marge commerçants								
Autres charges								
Coût du produit								
Marge transformateur								
Autres charges								
Coût du produit								
Marge producteur								
Charge producteur								

# 4. The challenges

- 4.1 The functioning of the chain
- 4.2 The role of NGOs
- 4.3 The economy of affection
- 4.4 The role of the state

## 4.1 In the functioning of the chain

- Quality and quantity (productivity) of **production** needs to improve in order to attract more private sector enterprises
- Bottleneck in **processing** is lack of respect for (international) norms of hygiene and quality
- Fierce competition in local **markets**, because of large imported quantities at low (subsidized) prices
- Farmers are used to fixed **prices** (cfr. Peanuts chain); do not take into account production costs
- Lack of **inter-professional committee** at national level for better coordination and negotiation between chain actors

## 4.2 Key challenges for NGOs

- To NOT become an actor in chain
  - E.g. role of Wulanafaa & FONGS in commercialization of fonio
- Sensitize farmers to Quality, Quantity, Price and Cost issues
  - Very different from organized functioning of peanut chain
- Partnerships with strategic partners that have different vision/mission
  - E.g. USAID = Export markets, VECO = farmers' incomes
- Image Building of smallholder farmer products towards private sector actors
  - generally prefer agro-business products because of volume, quality and timeliness of supply



## 4.3 Revisiting “The Economy of Affection”

- Rural spending patterns (Based on Lalou & Ndione 2005)
    - Food (40%) and other HH expenses (20%)
    - School fees, health, investments (10%)
    - Religious and social events (22%)
    - Only 3% invested
  - The “economy of affection” (Goran Hyden 1980) defined as
    - “a network of support, communications and interactions among structurally defined groups connected by blood, kin, community or other affinities, for example religion”*
- => “Money goes for ‘leveling’ rather than ‘growth’, an approach that helps to keep alive the economy of affection, but does not contribute to the formalization of capitalist relations”

## 4.4 The Senegalese State

- Many ad-hoc programs with unrealistic ambitions
  - 2004 – Loi d’orientation agricole & sylvo-pastorale (LOASP)
  - 2006 – Retour vers l’agriculture (REVA)
  - 2008 – Grand offensif agricole pour la nourriture et l’abondance (GOANA)
  - 2009 – Syndicalisation des agriculteurs & Grande Muraille Verte
- Some recent successes for small holder farmers
  - 2006 - onion chain: system of seasonal quota to protect national production
  - 2007 - banana chain: initiatives to streamline functioning of the chain through organizing round tables
  - 2008 - sesame chain: mega contract with Chinese importers
- Focus on agro-business because of modernization idea
  - General lack of strategic vision incorporating rural development
  - Little consulting of small holder farmers through national farmers’ organizations (CNCR)



Thank you for your attention